

# TYPES OF EMPLOYEE BENEFIT ACCOUNTS ALLOWED TO BE HELD WITHIN FUND 73

## FUND 73 Employee Benefit Trust

District decides to pay employee benefits when earned rather than "pay as you go."

Funds are set aside in irrevocable trust that qualifies as a Fund 73 employee benefit trust. Earnings and interest accrue tax-free in the trust.

Fund 73 employee benefit trust must comply with Wis. Stat. 66.0603, Wisconsin Department of Public Instruction financial reporting requirements and the Internal Revenue Code.

Fringe benefits paid from a trust, including active insurance and leave benefits and post-employment benefits, are generally chargeable to a state or federal grant when the benefit is required by law, contract or established written policy or plan.

OPEB Post Employment Benefit	Description	Actuarial Report	Revenue to Trust	Expense from Trust	Subject to Aid	Federal grant
Traditional post-employment cash payment	Post-employment or retiree medical insurance and expenses or post-employment stipend	Included	Source 951	Object 991	Yes - up to ADC	May be equitably charged if funds are held in irrevocable OPEB trust up to ADC
Post-employment Health Reimbursement Arrangement (Retiree HRA)	District-funded cash account used to reimburse post-employment or retiree medical premium and/or unreimbursed medical expense on a tax-exempt basis	Included	Source 951	Object 991	same	same
Post-employment Health Savings Account (Retiree HSA)	Employee account to which District may make a cash contribution to fund post-employment or retiree medical premium and/or unreimbursed medical expense on a tax-exempt basis	Included	Source 951	Object 991	same	same
Non-elective 403(b) contributions <i>non-earmarked</i>	District defined contribution to 403(b) plan per District-designated contribution schedule.	Included	Source 951	Object 991	same	same
Implicit Rate Subsidy <i>COBRA included</i>	District contribution to active employee group health plan to offset the cost of retiree participation in the active employee group health plan if the District chooses to allow retiree participation for those who stay in by choice or COBRA	Included	Source 951	Object 994	No	same
Sick leave conversion/termination benefit	District contribution of the value of accrued but unpaid sick leave toward the employee's post-employment benefit. Amount is paid by the District to the Trust and is not paid to or received by the employee as wages.	Included if the amount can be determined before termination.	Source 951	Object 996	Yes if the amount can be determined before termination.	same if used to pay for health services
Other OPEB <i>Dental, vision, life disability, long term care insurance</i>	District contribution toward post-employment premium reimbursement	Included	Source 951	Object 996	Yes	same for dental, vision and disability

## Active employee benefit plan/not OPEB or post-employment

*no unfunded liability*

403(b) Match	Contributions are non-earmarked. Forfeitures remain in the trust.	Not included	Source 955	Object 993	yes	Chargeable
Health Reimbursement Arrangement (HRA)	District-sponsored health plan reimbursement account Defined contribution Forfeitures remain in the Trust.	Not included	Source 955	Object 993	Yes	Chargeable
Health Savings Account (HSA)	Employee account to which District may contribute a fixed amount. Funds belong to the employee once they are contributed District can pre-fund the District contribution in the Fund 73 Trust.	Not included	Source 955	Object 996	Yes	Chargeable
Group health plan premium	District contribution to premium under fully insured or self insured (stop loss) active employee group health plan.	Not included	Source 955	Object 996	Yes	Chargeable
Other insurance premiums <i>Dental, vision, life, disability, long term care insurance</i>	District contribution to active employee insurance benefit premium cost.	Not included	Source 955	Object 996	Yes	Chargeable
Qualified educational assistance plan 26 CFR §1.127-2	District contribution of up to \$5,250/year for job-related education cost reimbursement	Not included	Source 955	Object 996	Yes	Chargeable

## Non-OPEB/District contribution of accruals and cash in lieu

*no unfunded liability*

Paid time off accruals	District contribution of paid time off accruals at employment termination	Not included	Source 959	Object 996	Yes	Chargeable
Cash in lieu payments	District cash in lieu payments to opt out of the District's group health plan	Not included	Source 959	Object 996	Yes	Chargeable

# EMPLOYEE BENEFIT TRUST REQUIREMENTS

## FUND 73 Employee Benefit Trust

### OTHER POST-EMPLOYMENT BENEFITS OR SUPPLEMENTAL PENSION post-employment health insurance and supplemental pension pre-funding

<i>Type of obligation</i>	Obligation accrues during active employment or post-employment for use post-employment.
<i>ADC</i>	Unfunded liability is reported in the actuarial study.
<i>Tax qualified</i>	Qualified as tax-exempt under IRC and Wisconsin tax code.
<i>Authorized</i>	Approved by the local governing board.
<i>Written plan</i>	Written plan document on file for each benefit.
<i>Investments</i>	Employer investment authority can be delegated to external investment manager to invest as provided in Wisconsin Uniform Prudent Investor Act Wis. Stat. 881.01.
<i>Eligible plans</i>	Stipend/annuitized payments for post-employment health benefits Supplemental pension Post-employment Health Reimbursement Arrangement (Retiree HRA) Post-employment Health Savings Account (Retiree HSA) Non-elective 403(b)/457/TSA - non-earmarked Implicit Rate Subsidy including COBRA Sick leave conversion/termination benefit contributed before termination Other OPEB - employer contribution to post-employment premium reimbursement dental/life/vision/long term care
<i>Contribution</i>	Irrevocable contribution(s) to the Fund 73 trust account or subaccount for the corresponding benefit plan. Contribution made by July 30 following close of fiscal year to be eligible for aid.
<i>Trust</i>	Contributed to the Fund 73 trust and may not revert back to the district unless/until the benefit obligation is fully paid. After unfunded liability is paid, excess assets can be transferred within the Fund 73 trust to pre-fund another benefit plan subaccount if the trust agreement allows for it.
<i>Unfunded liability</i>	Unfunded liability is valued in the actuarial study.
<i>Aid eligibility</i>	Eligible for federal grants and state categorical aid as a benefit at the time the contribution for the active employee is made up to the amount of the ADC. Amounts in excess of the ADC are not eligible for aid.
<i>Forfeitures</i>	Money remains in the trust and reduces future obligations. Not revenue to the district.
<i>Reporting</i>	OPEB and supplemental pension are allocated. Defined contributions (retiree HRA) are allocated to the active employee's fund, function and project.
<i>Audit</i>	Subject to audit including unfunded liability and aid allocations.
<i>Excess asset transfer</i>	When OPEB liability is fully paid, the employer can but is not required to terminate the trust. Alternatively, if the trust holds excess assets, the employer can transfer the excess assets directly to another Fund 73 subaccount without first selling the investments if the trust agreement allows for it. Funds do not have to be returned to Fund 10 before redistribution within Fund 73.

### OTHER EMPLOYEE BENEFITS non-annuitized employer defined contribution for active or post-employment benefits

	Fully funded in the year earned for active employee or retiree current use. Fully funded in the year earned for active employee use post-employment.
	Generally there is no unfunded liability.
	Qualified as tax-exempt under IRC and Wisconsin tax code.
	Approved by the local governing board.
	Written plan document on file for each benefit.
	Trustee can invest in certain high quality securities designated by statute. Wis. Stat. 66.0603(1m)
	Health Reimbursement Arrangement (HRA) Health Savings Account (HSA) Group health plan or stop loss (self-insured) premium Other active employee group insurance premiums dental/vision/life/disability/long term care Qualified educational assistance plan (Section 127 plan) Flexible savings account (Section 125 plan) Paid time off accrual/compensated absence conversion Cash in lieu to opt out of group health plan
	Irrevocable contribution to the Fund 73 trust account or subaccount for the corresponding benefit plan. Contribution made by July 30 following close of fiscal year to be eligible for aid.
	Contributed to the Fund 73 trust and may not revert back to the district unless/until the benefit obligation is fully paid. After the benefit obligation is fully paid, excess assets can be transferred within the Fund 73 trust to pre-fund another benefit plan subaccount if the trust agreement allows for it.
	There is no unfunded liability; therefore, not valued in the actuarial study.
	Eligible for federal grants and state categorical aid as a benefit at the time the contribution for the active employee is made to the Fund 73 trust. Contribution is apportioned to active employee programs.
	Money remains in the trust and reduces future obligations. Not revenue to the district.
	Contributions are allocated to the active employee's fund, function and project.
	Subject to audit including aid allocations.
	When the district closes a benefit plan and pays the entire plan liability, excess assets can be transferred within the trust directly to another Fund 73 subaccount without first selling the investments if the trust agreement allows for it. Funds do not have to be returned to Fund 10 before redistribution within Fund 73.